

Auditors hope downgrade won't affect counties

John Arthur Hutchison
JHutchison@News-Herald.com

The auditors of Lake and Geauga counties hope that credit ratings in their respective counties will continue to be good after the United States' credit rating was downgraded for the first time in history.

Standard and Poor's on Friday moved its rating of U.S. credit down a notch from its highest rating of AAA to AA-plus. The ratings are generally used as a system to grade credit worthiness.

Moody's, which rates Lake and Geauga counties, uses rat-

ings of Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C, and appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa.

Geauga and Lake counties both have the second highest rating of Aa1 by Moody's, according to the company's website.

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk, according to Moody's.

Lake County Auditor Edward H. Zupancic said because the country's credit rating has dropped for the first

time, there is no history to look at to judge how it could impact other organizations that are rated.

He is hopeful that ratings services will take each governmental entity's situation into consideration for future ratings.

"I know that when we've had bonds and notes in the past and rating reviews the agencies have looked at Lake County on an individual basis and (they) look at how you manage and how you budget and leave room for additional revenue and they take all those things into consideration when they do a review or upgrade in

respect to the county," Zupancic said.

Only a few counties are rated higher and those are mainly larger counties with a bigger base from which to work and more room to do things that smaller counties do not, he said.

Geauga County Auditor Frank J. Gliha said Tuesday morning that he heard the U.S. downgrade will impact states that borrow money from the federal government on a regular basis.

"It's always a concern," Gliha said. "We've been doing good here in the county and we keep our debt low and pay

our bills on time."

Moody's considers Geauga County's leadership to be very conservative financially and therefore provides a good credit rating, Gliha said.

The Aa1 rating allowed the county to get a low rate to borrow money for its safety center, he said.

Gliha said seven bids were received and the county will pay an interest rate of 0.644 percent from Fifth Third Bank.

"We can borrow \$2 million for a little more than \$12,000 until next year," he said. "It's very significant for us and it means our debt is very low."